DEGREES of INEQUALITY

HOW the POLITICS of HIGHER EDUCATION SABOTAGED the AMERICAN DREAM

SUZANNE METTLER
No Longer the International Leader

Percent of Adults with Bachelors Degrees or Higher for Youngest and Oldest Cohort in Leading OECD Countries and U.S. (2010)

Source: OECD Education at a Glance 2012, Table A1.3a
Inequality in College Degrees

Estimated Percentage of U.S. Population with 4-yr. College Degree by Age 24, by Family Income Quartile, 1970-2011

# Stratification of Colleges
*(Sources: College Board)*

<table>
<thead>
<tr>
<th></th>
<th>Published Tuition &amp; Fees (&quot;Sticker Prices&quot;) 2012-2013</th>
<th>Percentage of First-Time Full-time Students Seeking BA who earn it within 6 years</th>
<th>Percentage of Students With Federal Loans, 2007-2008</th>
<th>Median Student Debt (among 2007-08 graduates)</th>
<th>Default Rates Among Borrowers, after 3 years (2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For-Profits</strong></td>
<td>$15,172</td>
<td>22%</td>
<td>94% (BA) 97% (AS)</td>
<td>$32,700 (BA) $18,800 (AS)</td>
<td>23%</td>
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<tr>
<td><strong>Private Nonprofits</strong></td>
<td>$29,056</td>
<td>65%</td>
<td>69%</td>
<td>$17,700</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Publics</strong></td>
<td>$8,655 (4 yr) $3,131 (2 yr) (in-state)</td>
<td>55%</td>
<td>58% (BA) 33% (AS)</td>
<td>$22,400 (BA) $7,100 (AS)</td>
<td>8% (BA) 18% (AS)</td>
</tr>
</tbody>
</table>
It’s Not All About Tuition

• A history of government support for higher education
It’s Not All About Aptitude

Percentage of Students Who Received 4 Year College Degree or More, by Test Scores and Income, 2000

Research Methods

• Analysis of government documents, historical record
• Interviews with policymakers
• Statistical analysis of historical data on state spending and revenues
What Explains It?

- POLICYSCAPE
  - A political terrain that is densely cluttered with policies created at earlier points in time
  - Requires maintenance & updating

- If left untended, problems ensue:
  - Policy design effects
  - Unintended consequences
  - Lateral effects
Policy Upkeep Depends on Politics

- To what extent do policymakers manage existing programs?

Contemporary Obstacles:
- Polarization
- Plutocracy
I. Diminishing Opportunity in Federal Student Aid
Pell Grants Fall Behind and Student Borrowing Soars as Tuition Rises at 4-Yr Public Universities (2010 Dollars)

Sources: U.S. Department of Education; Digest of Educational Statistics; FinAid.org
Rising Polarization in Congress ➔
Demise of Effective Lawmaking for Federal Student Aid

Sources: Voteview.com; authors’ analysis of roll call votes

Source: Author’s analysis of roll call votes on amendments. N=65 in House, 26 in Senate
Tuition Relief Through the Tax System: Costly Alternatives...With Less Impact

• Hope, Lifetime Learning Tax Credits, 1997

• American Opportunity Tax Credit, 2009
  – Largest share goes to families with household incomes between $100,000-$180,000

*Such policies fail to expand access to college.
*As of 2013, they cost the U.S. $16.7 billion—44% of the cost of Pell Grants ($38.2 billion).
II. Sinking Support for Public Universities and Colleges

• 73% of American college students attend
• State spending per student declined 26% (real), 1990 to 2010
• Tuition rose by 113% (real), 1990 to 2010
• Declining graduation rates
The Unequal Impact of Rising Tuition Costs

Fig. 4.1 Percentage of Family Income Required to Pay Cost of Attending Public Four-Year Institutions, by Income Quintile, 1971 and 2011

Higher Education Squeezed Out As Mandatory Costs Take a Larger Share of State Budgets

Sources: Centers for Medicare and Medicaid Services; Center for the Study of Education Policy; State and Local Gov’t Finance Data Query System; Urban-Institute Brookings Tax Policy Center; U.S. Census Bureau; Kaiser Family Foundation
Anti-Tax Mobilization in the States
III. Rise of the For-Profit Colleges
For-Profit Colleges: Promoting Opportunity?

• Low graduation rates: 22%
• 94% of students borrow for BA degree, and borrow highest median rates of any sector ($33,000)
• Account for 47 percent of student loan defaults; 23% default within 3 years
Private Sector?

Each permitted by law to received **up to 90 percent** of revenues from Higher Education Act’s Title IV; on average, receive 86 percent.

Attended by 10 percent of students; use $1 in $4 of Higher Education Act’s Title IV, 37% of Post 9/11 GI Bill, and 50% of DOD ed programs.
From Bipartisan Efforts for Reform...
...to Bipartisan Protection of the Industry

- Deregulation:
  - 85/15 → 90/10
  - End of 50% on campus requirement

- Watering down gainful employment rules
Restoring the Public Purposes of Higher Education
Total Enrollment in Degree-granting Postsecondary Institutions by Race and Institution Type, 2012
(Source: Digest of Education Statistics)